

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q1 • 2012

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Business Entity Filings Moderate As Economy Advances New Business Filings Exceed 15,000 in Q1 2012

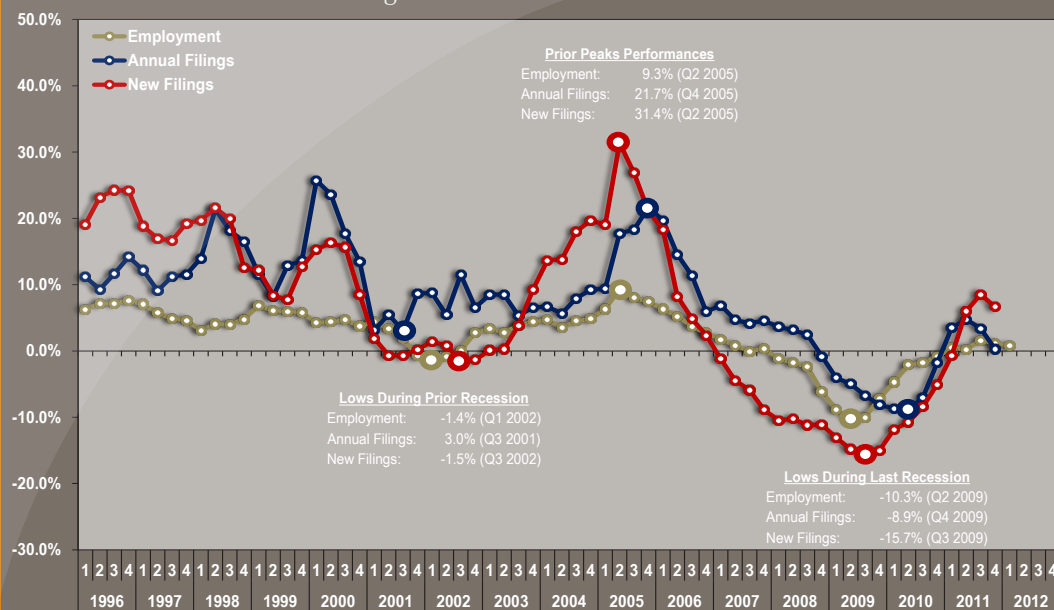
New Entity Filings *[Leading Indicator]*

- While new business entity filings reached 15,449 in the first quarter of 2012, volumes were up 17.1 percent from the preceding quarter (Q4 2011) and down 1.3 percent from the same quarter of the prior year. During the past four quarters, new filings were up 3.2 percent compared to the same period of the prior year.
- Domestic (Nevada) new filings posted a modest 1.0-percent decline from the same quarter of the prior year. The decline was largely sourced to fewer domestic corporations while the number of new limited liability companies ("LLC") rose 1.2 percent. During the past 12 months, the number of new domestic filings was up 4.0 percent as limited liability companies being formed surged 8.3 percent.
- New limited liability company filings, which continued to represent the lion's share of new business filings at 65.9 percent of total, were up by 0.9 percent (or 90 filings) overall when compared to first quarter 2011. Corporations submitted 5,030 new filings during the quarter, a decline of 3.9 percent year-over-year.

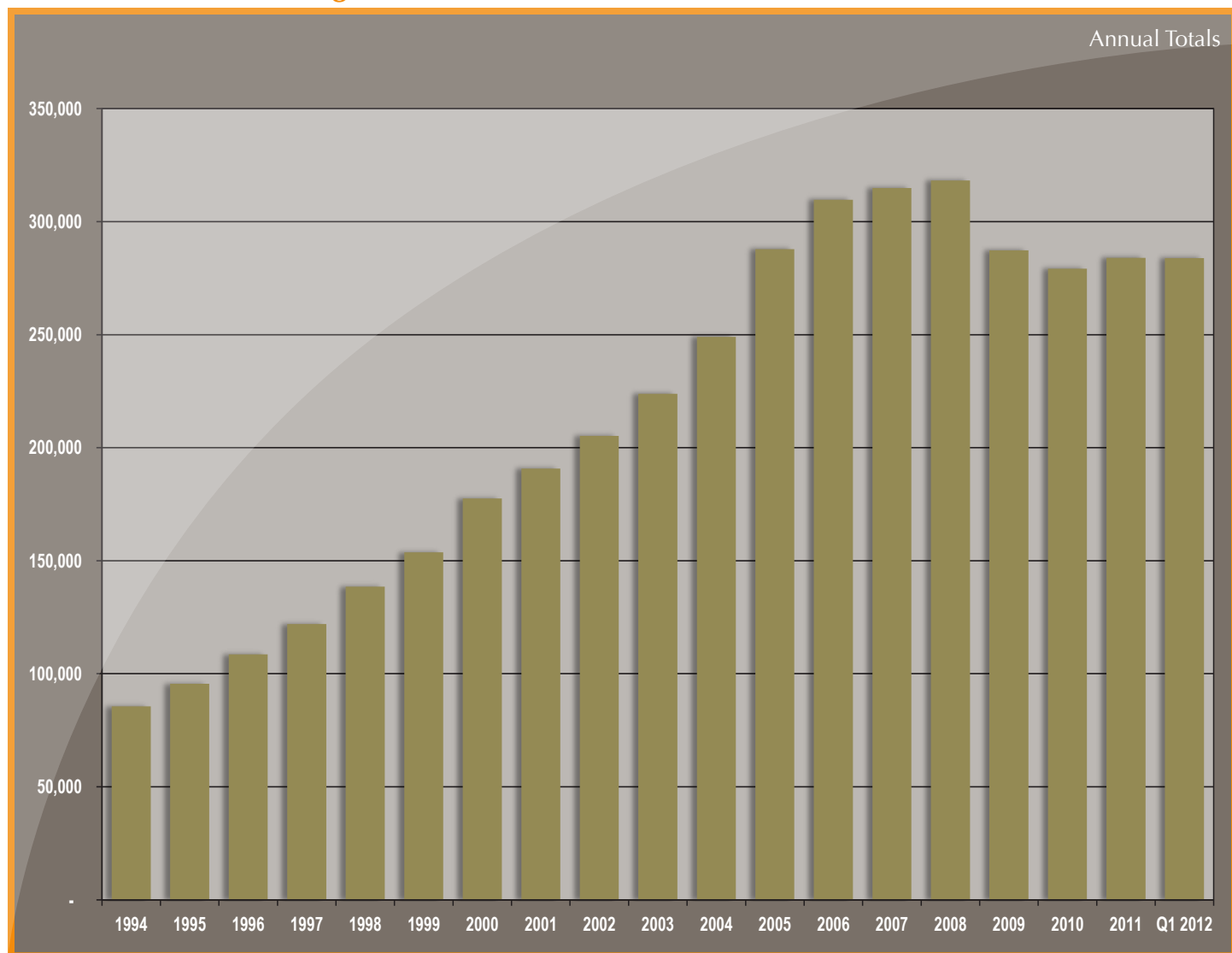
Total List Filings *[Lagging Indicator]*

- Initial, annual and amended lists filed during the first quarter of 2012 dropped by 3.4 percent in total when compared to one year ago. Corporations filed 1,913 fewer lists with the Nevada Secretary of State's Office than a year ago, translating into a decline of 5.3 percent. Limited partnerships list filings fell by 331 during the quarter, reporting a decline of 8.9 percent year-over-year, while LLCs list filings declined by a marginal 0.9 percent.
- During the trailing four-quarters ending March 2012, a total of 288,904 entities filed lists, denoting a 2.7-percent decrease over the same four-quarter period last year. LLCs were the only entity type to report positive growth year-over-year (+1.0 percent). Lists filed by corporations, limited partnerships and limited liability partnerships/business trusts, however, declined by 5.8 percent, 8.5 percent and 1.8 percent, respectively.
- As of March 31, 2012, a total of 283,851 entities were considered in "good standing", up slightly (+0.5 percent) from last year.

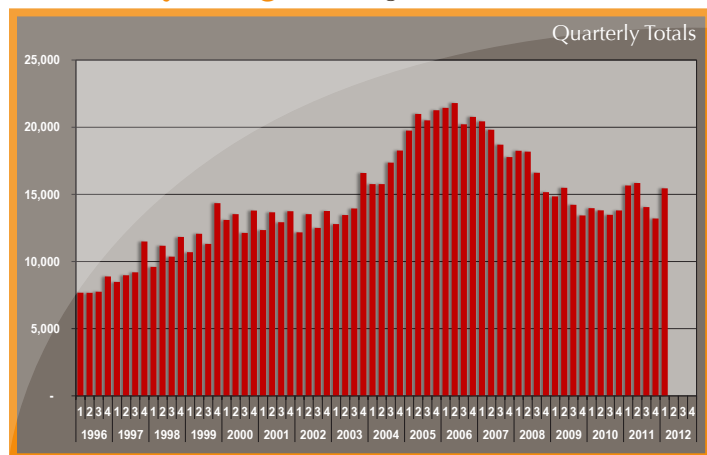
NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS Trailing 12-Month Annual Growth Rates



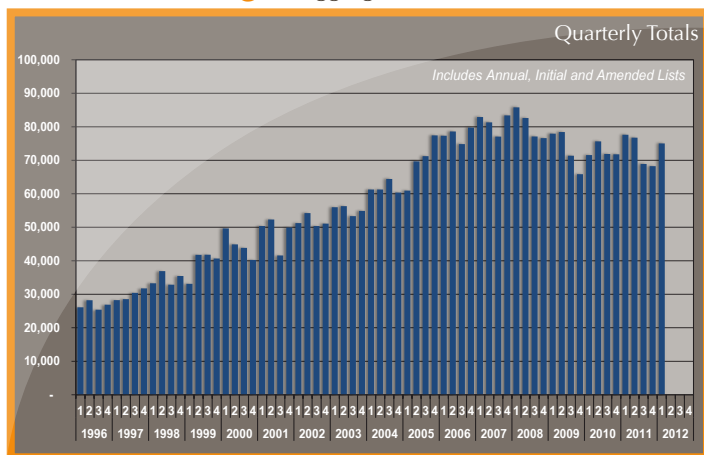
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



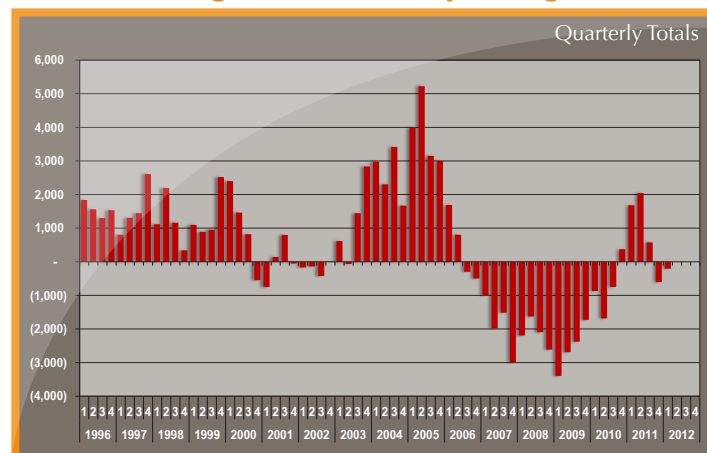
Quarterly Indicators ^[1]

Three Months Ended March 2012

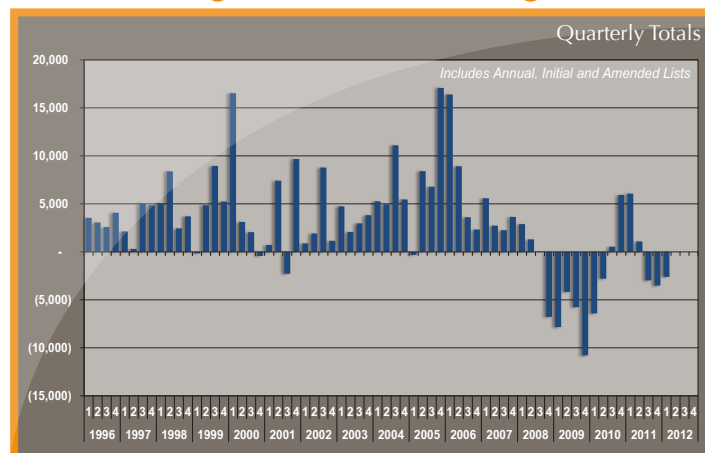
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	34,435	32,073	2,362	7.4% ▲	36,348	(1,913)	-5.3% ▼
Limited Partnerships	3,409	3,876	(467)	-12.0% ▼	3,740	(331)	-8.9% ▼
Limited Liability Companies	36,926	32,100	4,826	15.0% ▲	37,260	(334)	-0.9% ▼
Limited Liability Partnerships and Business Trusts	245	206	39	18.9% ▲	268	(23)	-8.6% ▼
TOTAL	75,015	68,255	6,760	9.9% ▲	77,616	(2,601)	-3.4% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,496	4,016	480	12.0% ▲	4,671	(175)	-3.7% ▼
Limited Partnerships	178	278	(100)	-36.0% ▼	236	(58)	-24.6% ▼
Limited Liability Companies	9,737	7,978	1,759	22.0% ▲	9,625	112	1.2% ▲
Limited Liability Partnerships and Business Trusts	31	24	7	29.2% ▲	61	(30)	-49.2% ▼
TOTAL	14,442	12,296	2,146	17.5% ▲	14,593	(151)	-1.0% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	534	464	70	15.1% ▲	561	(27)	-4.8% ▼
Limited Partnerships	22	17	5	29.4% ▲	20	2	10.0% ▲
Limited Liability Companies	448	409	39	9.5% ▲	470	(22)	-4.7% ▼
Limited Liability Partnerships and Business Trusts	3	11	(8)	-72.7% ▼	10	(7)	-70.0% ▼
TOTAL	1,007	901	106	11.8% ▲	1,061	(54)	-5.1% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	5,030	4,480	550	12.3% ▲	5,232	(202)	-3.9% ▼
Limited Partnerships	200	295	(95)	-32.2% ▼	256	(56)	-21.9% ▼
Limited Liability Companies	10,185	8,387	1,798	21.4% ▲	10,095	90	0.9% ▲
Limited Liability Partnerships and Business Trusts	34	35	(1)	-2.9% ▼	71	(37)	-52.1% ▼
TOTAL	15,449	13,197	2,252	17.1% ▲	15,654	(205)	-1.3% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,122,600	1,137,100	(14,500)	-1.3% ▼	1,113,800	8,800	0.8% ▲
Unemployment [4]	11.9%	12.9%	-1.0%	- ▼	13.5%	-1.6%	- ▼
Initial Jobless Claims	57,428	60,728	(3,300)	-5.4% ▲	61,424	(3,996)	-6.5% ▼
Bankruptcies - Chapter 7 [5]	3,107	3,241	(134)	-4.1% ▼	3,567	(460)	-12.9% ▼
Bankruptcies - Chapter 11 [5]	78	68	10	14.7% ▲	88	(10)	-11.4% ▼
Bankruptcies - Chapter 13 [5]	695	852	(157)	-18.4% ▲	1,204	(509)	-42.3% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending March 2012 (latest data available).

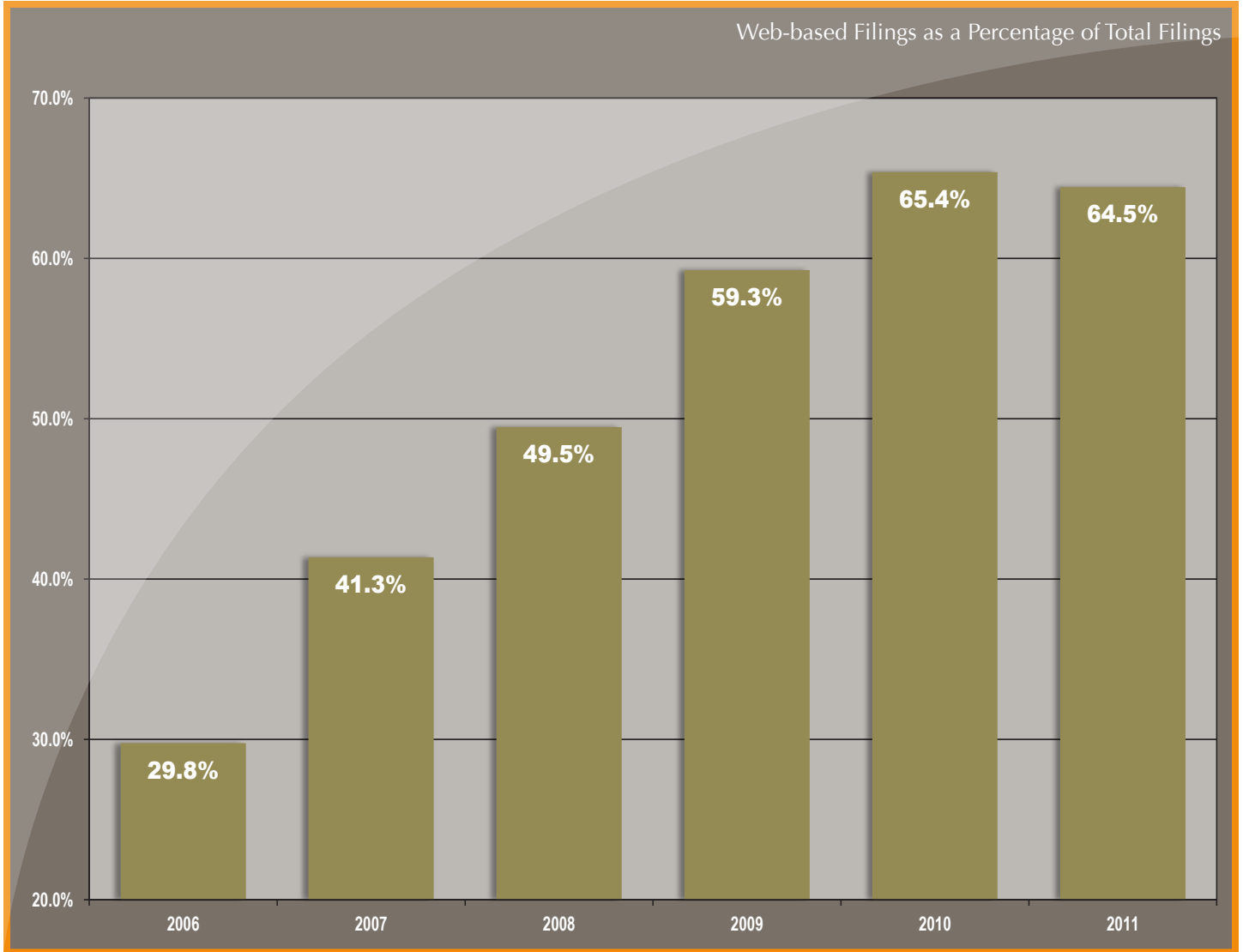
Annual Change in New Entity Filings



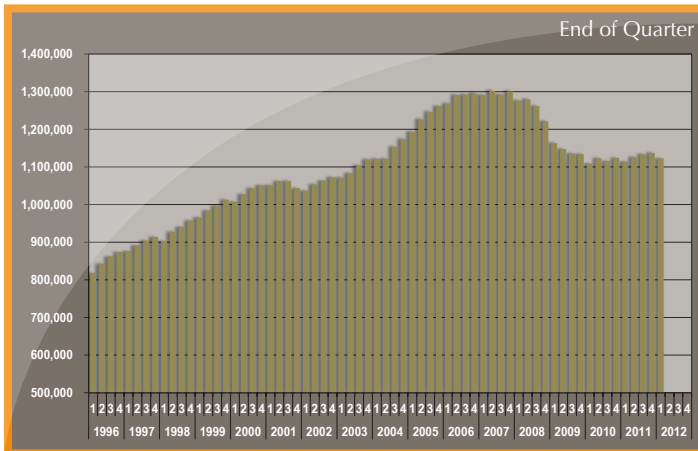
Annual Change in Total List Filings



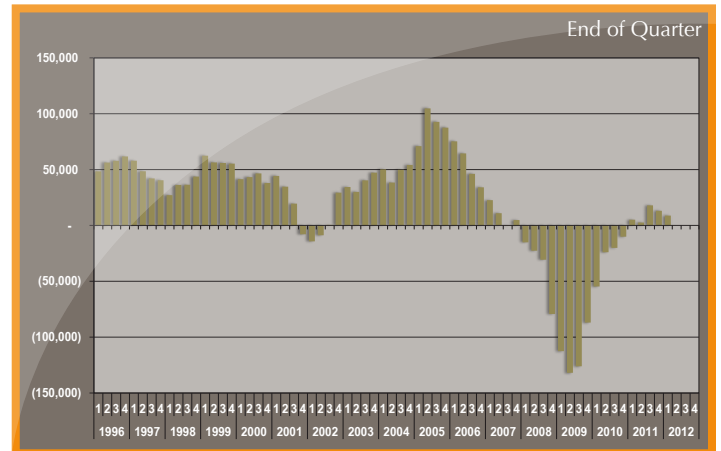
On-line Filing Utilization



Employment



Annual Change in Employment



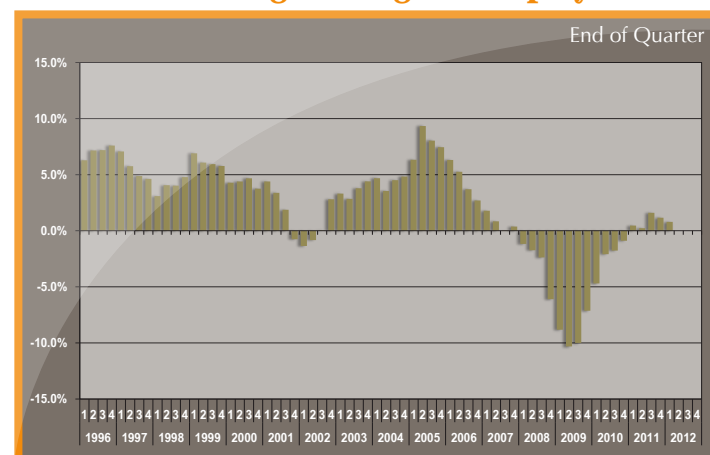
Annual Indicators ^[1]

Twelve Months Ended March 2012

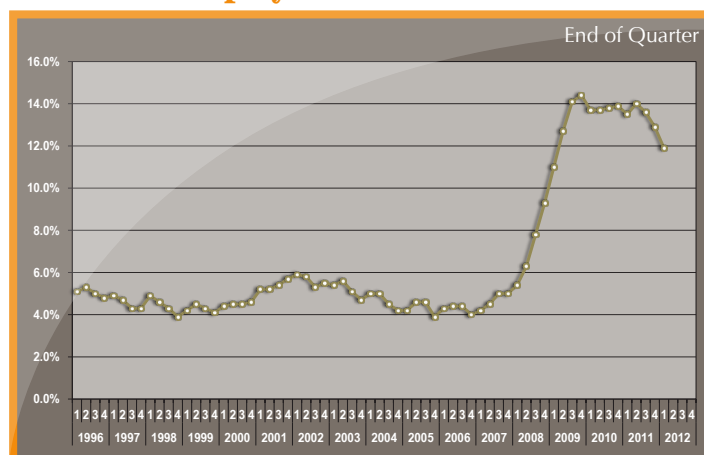
Current Quarter	Current	Prior Period			Prior Year		
	Value	Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	133,422	135,335	(1,913)	-1.4% ▼	141,638	(8,216)	-5.8% ▼
Limited Partnerships	14,472	14,803	(331)	-2.2% ▼	15,824	(1,352)	-8.5% ▼
Limited Liability Companies	140,087	140,421	(334)	-0.2% ▼	138,645	1,442	1.0% ▲
Limited Liability Partnerships and Business Trusts	923	946	(23)	-2.4% ▼	940	(17)	-1.8% ▼
TOTAL	288,904	291,505	(2,601)	-0.9% ▼	297,047	(8,143)	-2.7% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	17,287	17,462	(175)	-1.0% ▼	17,829	(542)	-3.0% ▼
Limited Partnerships	909	967	(58)	-6.0% ▼	1,020	(111)	-10.9% ▼
Limited Liability Companies	36,254	36,142	112	0.3% ▲	33,466	2,788	8.3% ▲
Limited Liability Partnerships and Business Trusts	151	181	(30)	-16.6% ▼	200	(49)	-24.5% ▼
TOTAL	54,601	54,752	(151)	-0.3% ▼	52,515	2,086	4.0% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	2,064	2,091	(27)	-1.3% ▼	2,382	(318)	-13.4% ▼
Limited Partnerships	76	74	2	2.7% ▲	88	(12)	-13.6% ▼
Limited Liability Companies	1,781	1,803	(22)	-1.2% ▼	1,708	73	4.3% ▲
Limited Liability Partnerships and Business Trusts	22	29	(7)	-24.1% ▼	32	(10)	-31.3% ▼
TOTAL	3,943	3,997	(54)	-1.4% ▼	4,210	(267)	-6.3% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	19,351	19,553	(202)	-1.0% ▼	20,211	(860)	-4.3% ▼
Limited Partnerships	985	1,041	(56)	-5.4% ▼	1,108	(123)	-11.1% ▼
Limited Liability Companies	38,035	37,945	90	0.2% ▲	35,174	2,861	8.1% ▲
Limited Liability Partnerships and Business Trusts	173	210	(37)	-17.6% ▼	232	(59)	-25.4% ▼
TOTAL	58,544	58,749	(205)	-0.3% ▼	56,725	1,819	3.2% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,122,600	1,137,100	(14,500)	-1.3% ▼	1,113,800	8,800	0.8% ▲
Unemployment [4]	11.9%	12.9%	-1.0%	- ▼	13.5%	-1.6%	- ▼
Initial Jobless Claims	229,282	233,278	(3,996)	-1.7% ▼	260,007	(30,725)	-11.8% ▼
Bankruptcies - Chapter 7 [5]	14,702	15,162	(460)	-3.0% ▼	17,279	(2,577)	-14.9% ▼
Bankruptcies - Chapter 11 [5]	345	355	(10)	-2.8% ▼	369	(24)	-6.5% ▼
Bankruptcies - Chapter 13 [5]	3,770	4,279	(509)	-11.9% ▼	5,806	(2,036)	-35.1% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending March 2012 (latest data available).

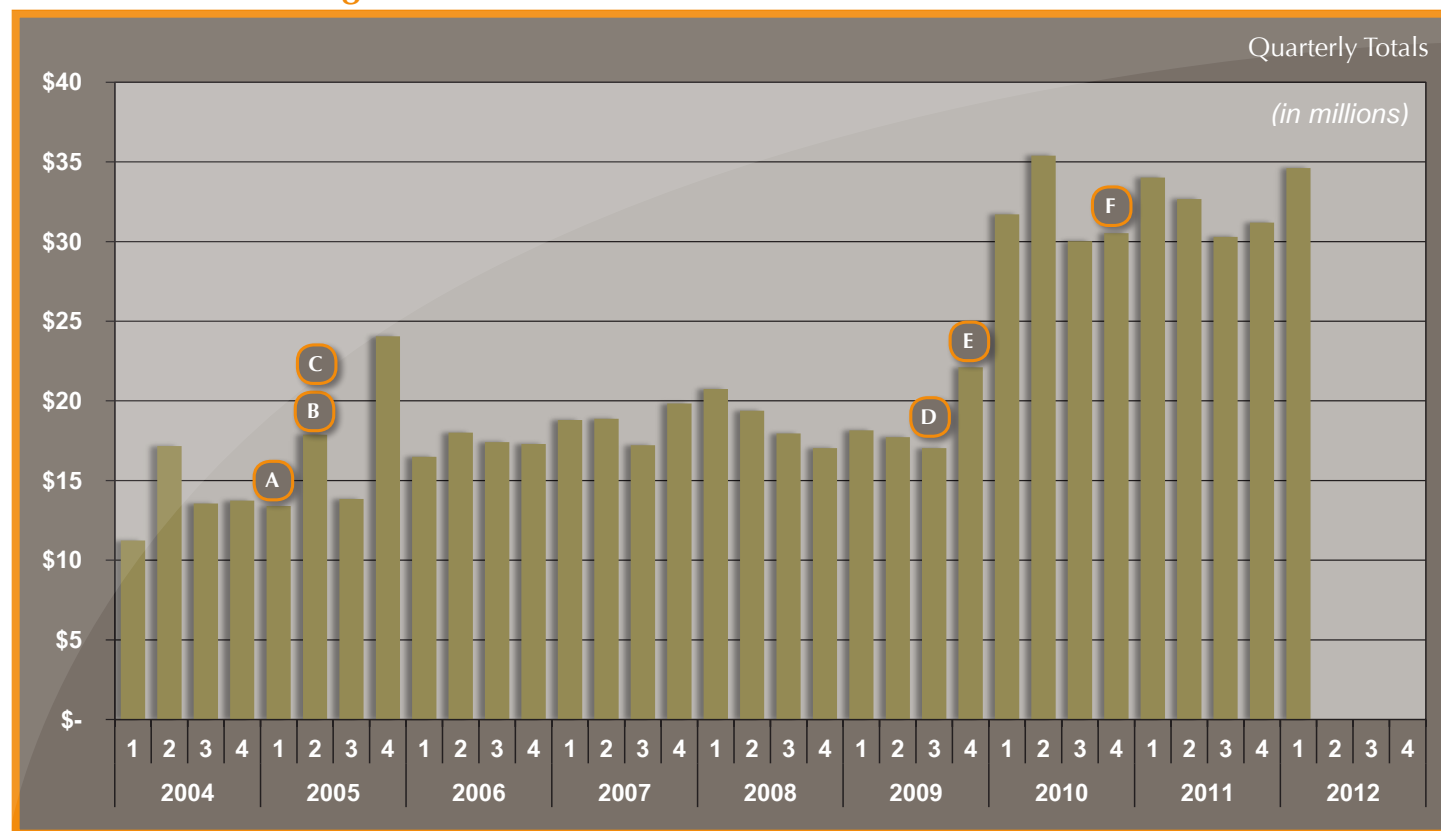
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



Nevada Secretary of State

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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ The first quarter of 2012 shined a few bright spots on what has been a challenging recovery cycle. Overall employment trended in a positive direction, a condition absent from the economic landscape during most of the past three years. New job creation has helped push the unemployment rate down to its lowest level since 2009; however, a number of discouraged job seekers have simply stopped looking which is also putting downward pressure on the state's jobless rate.

Notably, core employment – total employment excluding the construction and government sectors – has reported year-over-year gains for 21 consecutive months. While we cannot discount the impacts of the losses posted in the construction sector and delayed cutbacks in most government agencies, the fact that many private sector employers are expanding is an encouraging sign. The leisure and hospitality industry appears to be leading the state's recovery as it benefits from improved fundamentals in the national recovery. Reporting 25 consecutive months of year-over-year improvement is no small task.

With over 15,000 new business entity filings recorded in the first quarter of 2012, the data suggest that investors and entrepreneurs are continuing to seek out Nevada as a viable place to do business and/or take advantage of the investment opportunities within the Silver State. While we continue to slowly slog through a protracted recovery, the economy has clearly distanced itself from the bottom and appears to be gaining some momentum. ”

- **Jeremy Aguerro**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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